

BILL NO. G-92-12- 03

GENERAL ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE establishing the Tax Abatement Recapture Fund allowing companies filing for tax abatement to contribute 20% of their annual tax savings to support future economic development activities.

WHEREAS, I.C. 6-1.1-12.1 gives city councils the authority to establish criteria and designate Economic Revitalization Areas; and,

WHEREAS, I.C. 6-1.1-12.1 (h) gives city councils the authority to establish conditions in the designation of Economic Revitalization Areas regarding the time period, type of deductions to be allowed, the dollar amount of the deduction to be allowed and other reasonable conditions for allowing the deduction for the redevelopment or rehabilitation of the property or the installation of the new manufacturing equipment, and;

WHEREAS, the City of Fort Wayne has passed General Ordinance No. G-26-83 (as amended) authorizing the designation of Economic Revitalization Areas subject to certain conditions; and

WHEREAS, the City of Fort Wayne wishes to enhance the economic vitality of this community by offering financial incentives to companies committing to new investment and new job creation; and,

WHEREAS, economic development is a field where the most prepared community often has the advantage over others when competing for specific project locations; and,



1           WHEREAS, it is necessary to capitalize a fund for the  
2 purpose of funding future economic development efforts; and,

3           WHEREAS, companies receiving tax abatement realize  
4 considerable savings over the term of the abatement period.

5           NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF  
6 THE CITY OF FORT WAYNE, INDIANA:

7           SECTION 1. That the Tax Abatement Recapture Fund  
8 (hereinafter referred to as "Fund") shall be established for  
9 the purpose of financing future economic development  
10 activities. Such activities may include but are not limited  
11 to financing for infrastructure, financing for provision of  
12 loans and/or grants for new or existing businesses, job  
13 training assistance, hosting seminars and workshops for  
14 small business development and administrative expenses.

15           SECTION 2. That said fund shall be administered by a  
16 legally constituted local development corporation formed  
17 under section 501 (c) 3 of the Internal Revenue Code.  
18 Decisions on fund disbursements shall be made by a five (5)  
19 member committee consisting of: two members of the Common  
20 Council, the Mayor, the Director of Community & Economic  
21 Development, and the Director of Economic Development.

22           SECTION 3. That the Fund will be capitalized by  
23 contributions made to it from companies receiving tax  
24 abatements as authorized by the Common Council after  
25 receiving the Economic Revitalization Area designation.

26           SECTION 4. That as a condition of receipt of tax  
27 abatement, the Common Council shall require all companies to  
28 commit to contribute 20% of the net tax savings realized  
29 from the abatement into the Abatement Recapture Fund.

30           SECTION 5. That companies may request a waiver of the  
31 20% contribution to the Fund on a case-by-case basis. The  
32 Common Council may grant such waivers if it determines that



1 such contribution would constitute an economic hardship for  
2 the project requesting tax abatement and that any other  
3 business within the same designated Economic Revitalization  
4 Area also receives the waiver of the 20% contribution to the  
5 Fund.

6       SECTION 6. That said funds will be collected upon  
7 issuance of an invoice by the Department of Economic  
8 Development acting as staff for the Local Development  
9 Corporation. Said invoice shall be issued annually after  
10 the May 15 tax collection date for as long as the abatement  
11 term is in effect and the company files for the abatement.

12       SECTION 7. That all receipts shall be deposited in a  
13 timely manner into the Fund.

14       SECTION 8. That all receipts shall be invested in an  
15 interest bearing account with earned interest accruing to  
16 the Fund.

17       SECTION 9. That an audited annual report shall be  
18 presented to the Common Council by May 1 of each year,  
19 outlining activities of the Fund for the preceding January 1  
20 to December 31 period. Information to be included in the  
21 annual report shall note, at a minimum;

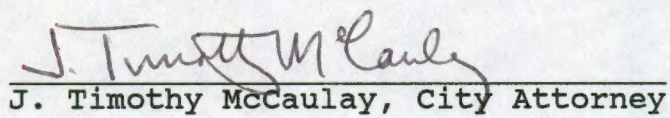
- 22       1. Total new dollars received into the fund during  
23       the year.
- 24       2. Total interest earned during the year.
- 25       3. Balance in fund at the end of the year.
- 26       4. Projects that were funded and their respective  
27       amounts.
- 28       5. Dollar amount of investments that were made within  
29       the community by companies receiving tax  
30       abatements.
- 31       6. Total number of jobs created, jobs retained, and  
32       average annual earnings of those jobs.



1           SECTION 10. That this Ordinance shall be in full force  
2 and effect from and after its passage and any and all  
3 necessary approval by the Mayor.  
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7 Member of Council

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9 APPROVED AS TO FORM AND LEGALITY  
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12 J. Timothy McCaulay, City Attorney  
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Read the first time in full and on motion by \_\_\_\_\_,  
and duly adopted, read the second time by title and referred to the Committee on \_\_\_\_\_,  
(and the City Plan Commission for recommendation)  
and Public Hearing to be held after due legal notice, at the Common Council Conference  
Room 128, City-County Building, Fort Wayne, Indiana, on \_\_\_\_\_,  
the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_  
o'clock \_\_\_\_\_ M., E.S.T.

DATED: \_\_\_\_\_

SANDRA E. KENNEDY, CITY CLERK

Read the third time in full and on motion by \_\_\_\_\_,  
and duly adopted, placed on its passage. PASSED LOST  
by the following vote:

|             | AYES  | NAYS  | ABSTAINED | ABSENT |
|-------------|-------|-------|-----------|--------|
| TOTAL VOTES | _____ | _____ | _____     | _____  |
| BENDER      | _____ | _____ | _____     | _____  |
| CRAWFORD    | _____ | _____ | _____     | _____  |
| EDMONDS     | _____ | _____ | _____     | _____  |
| HALL        | _____ | _____ | _____     | _____  |
| HAYHURST    | _____ | _____ | _____     | _____  |
| HENRY       | _____ | _____ | _____     | _____  |
| LUNSEY      | _____ | _____ | _____     | _____  |
| RAVINE      | _____ | _____ | _____     | _____  |
| SCHMIDT     | _____ | _____ | _____     | _____  |

DATED: \_\_\_\_\_

SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana,  
as (ANNEXATION) (APPROPRIATION) (GENERAL) (SPECIAL)  
(ZONING) ORDINANCE RESOLUTION NO. \_\_\_\_\_  
on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

ATTEST:

SEAL

SANDRA E. KENNEDY, CITY CLERK

PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the  
\_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
at the hour of \_\_\_\_\_, o'clock \_\_\_\_\_, M., E.S.T.

SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this \_\_\_\_\_ day  
of \_\_\_\_\_, 19\_\_\_\_, at the hour of \_\_\_\_\_  
o'clock \_\_\_\_\_ M., E.S.T.

PAUL HELMKE, MAYOR

Read the first time in full and on motion by Dir Junke,  
seconded by \_\_\_\_\_, and duly adopted, read the second time by  
title and referred to the Committee on Committee of the Whole (and the  
City Plan Commission for recommendation) and Public Hearing to be held after  
due legal notice, at the Common Council Conference Room 128, City-County  
Building, Fort Wayne, Indiana, on \_\_\_\_\_, the \_\_\_\_\_, day  
of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., E.S.T.

DATED: 12-8-92

Sandra E. Kennedy  
SANDRA E. KENNEDY, CITY CLERK

Read the third time in full and on motion by \_\_\_\_\_,  
seconded by \_\_\_\_\_, and duly adopted, placed on its passage.  
PASSED ☐ LOST ☐ by the following vote:

|                    | <u>AYES</u> | <u>NAYS</u> | <u>ABSTAINED</u> | <u>ABSENT</u> |
|--------------------|-------------|-------------|------------------|---------------|
| <u>TOTAL VOTES</u> | _____       | _____       | _____            | _____         |
| <u>BRADBURY</u>    | _____       | _____       | _____            | _____         |
| <u>EDMONDS</u>     | _____       | _____       | _____            | _____         |
| <u>GiaQUINTA</u>   | _____       | _____       | _____            | _____         |
| <u>HENRY</u>       | _____       | _____       | _____            | _____         |
| <u>LONG</u>        | _____       | _____       | _____            | _____         |
| <u>LUNSEY</u>      | _____       | _____       | _____            | _____         |
| <u>RAVINE</u>      | _____       | _____       | _____            | _____         |
| <u>SCHMIDT</u>     | _____       | _____       | _____            | _____         |
| <u>TALARICO</u>    | _____       | _____       | _____            | _____         |

DATED: \_\_\_\_\_

\_\_\_\_\_  
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne,  
Indiana, as (ANNEXATION) (APPROPRIATION) (GENERAL)  
(SPECIAL) (ZONING) ORDINANCE RESOLUTION NO. \_\_\_\_\_  
on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

ATTEST: (SEAL)

\_\_\_\_\_  
SANDRA E. KENNEDY, CITY CLERK

\_\_\_\_\_  
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on  
the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
at the hour of \_\_\_\_\_ o'clock \_\_\_\_\_, M., E.S.T.

\_\_\_\_\_  
SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this \_\_\_\_\_ day of \_\_\_\_\_,  
19\_\_\_\_, at the hour of \_\_\_\_\_ o'clock \_\_\_\_\_ M., E.S.T.

\_\_\_\_\_  
PAUL HELMKE, MAYOR





## MEMORANDUM

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TO: City Council Members *G-92-12-03*

FROM: Greg Purcell, Director, Community & Economic Development

DATE: December 8, 1992

SUBJECT: Report on Tax Abatement / Creation of Tax Abatement Recapture Fund

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Attached is a report requested by Council on the impact of tax abatements. The report was prepared by Economic Development Director Beth Neu and her staff. She will be available to present the document and answer questions at the December 15 or other Council meeting as deemed appropriate.

The report shows that the tax abatement program has had a positive impact on Fort Wayne's economic development. While the program has been effective, we believe the overall economic development program of Fort Wayne could be enhanced by requesting a 20% contribution of the tax savings realized by businesses to capitalize an economic development fund. With the loss of various federal and state economic development funding sources, (UDAG, EDA) we are limited in resources to bring to the table for economic development incentives.

As we all know, the competition to bring in new business and industry is fierce. This new funding source could generate significant revenues that would enable us to meet our economic development and job creation goals. Attachment II is a projection of the revenue that could be created based upon past experience.

The ordinance establishing the fund would also create a non-profit organization that will administer the funds created by this ordinance. While Economic Development staff members will handle the day-to-day administrative tasks associated with the fund, the Board will establish policies and funding priorities. The separate, five-member board (composed of two Council members, the Mayor, Director of Community & Economic Development, and the Director of Economic Development) would also enable us to act expeditiously when necessary to put together competitive economic development packages for new business and industry.

Allen County has already implemented a program that gives tax abatement applicants the option of contributing 20% from tax abatements. However, at this point, we do not know pf a formal mechanism for deciding how future funds will be allocated by the County.

In early 1992, Allen County surveyed businesses who had received tax abatement to determine their willingness to contribute 20% of their tax savings to a fund for specific economic development projects (voluntary contributions). Results indicated that 63% of the 37 businesses questioned would be in favor of a voluntary contribution, 26% were against such a program, and 11% were undecided.

It is the recommendation of C&ED that Council adopt the attached ordinance establishing the Tax Abatement Recapture Fund.

gb



The following table estimates the amount of revenue which could have been generated had a 20% recapture plan been in place during the past ten years. If all companies receiving tax abatement during this period had agreed to contribute into the fund, the following revenues would have been collected.

#### TAX ABATEMENT SAVINGS

| Abatement Type    | Total Taxes Abated<br>1989/90 | 20 Percent<br>Set-Aside | Total Taxes Abated<br>1990/91 | 20 Percent<br>Set-Aside |
|-------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|
| Real Property     | \$1,249,976                   | \$249,995               | \$1,124,112                   | \$224,822               |
| Personal Property | \$350,988                     | \$70,198                | \$758,364                     | \$151,673               |
| Total             | \$1,600,965                   | \$320,193               | \$1,882,476                   | \$376,495               |

If a recapture plan had been put into place for 1992, it is estimated that, of the thirteen Economic Revitalization Area designations that were approved by City Council, the investment projected by the companies would have generated \$478,271 in tax savings. Given a 20% recapture, the result would have been a \$95,655 contribution into the fund. It is, however, impossible to project the number of designations which may be made by Council in 1993 or after, due to potential changes in State law, national economic climate and a variety of other uncontrollable economic factors.

Admn. Appr. \_\_\_\_\_

DIGEST SHEET

**TITLE OF ORDINANCE** \_\_\_\_\_ Tax Abatement Recapture Fund

**DEPARTMENT REQUESTING ORDINANCE** \_\_\_\_\_ Department of Economic Development

**SYNOPSIS OF ORDINANCE** Ordinance to allow companies filing for tax abatement to contribute 20% of their annual tax savings into an interest bearing fund to support future economic development activities. Given the competitiveness of economic development, the fund would finance economic development activities such as infrastructure improvements, loans and/or grants for businesses, job training assistance, seminars and workshops, administrative expenses and other activities to enhance the City's ability to effectively compete for business investment and job creation. Fund would be administered by a Local Development Corporation (501 (c) 3 with staffing by Department of Economic Development personnel. The adoption of this ordinance will enable the community to address the issue of scarce resources and dwindling assistance from the state and federal governments.

**EFFECT OF PASSAGE** \_\_\_\_\_ Creation of a fund to capitalize economic development activities which could have raised \$696,688 in 1991/92.

**EFFECT OF NON-PASSAGE** \_\_\_\_\_ Items considered most important by businesses (infrastructure, labor force training, business financing, and an aggressive economic development program) would be severely hampered.

**MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS)** \_\_\_\_\_ No additional civil city expenditures would be involved.

**ASSIGNED TO COMMITTEE** \_\_\_\_\_



TABLE  
1-12-93

BILL NO. G-92-12-03

REPORT OF THE COMMITTEE ON  
THE COMMITTEE OF THE WHOLE  
THOMAS C. HENRY - CHAIRPERSON  
MARK E. GIAQUINTA - VICE CHAIRPERSON  
ALL COUNCIL MEMBERS

WE, YOUR COMMITTEE ON THE COMMITTEE OF THE WHOLE TO WHOM WAS  
REFERRED AN (~~ORDINANCE~~) (RESOLUTION) establishing the Tax  
Abatement Recapture Fund allowing companies filing for tax  
abatement to contribute 20% of their annual tax savings to  
support future economic development activities

RESOLUTION  
HAVE HAD SAID (ORDINANCE) (~~RESOLUTION~~) UNDER CONSIDERATION  
AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID  
(ORDINANCE) (~~RESOLUTION~~)

| <u>DO PASS</u> | <u>DO NOT PASS</u> | <u>ABSTAIN</u> | <u>NO REC</u> |
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DATED:

Sandra E. Kennedy  
City Clerk